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MARKETING FEATURE

EFFICIENCIES THAT MEET THE PROFIT TEST

Imagine \$100,000 in TSX 60 blue-chip stocks with no money down and protection from stock-market declines. The only requirement is to pay monthly interest for financing your investment, which should be tax deductible.

This unique offering from Macquarie Global Investments, called Macquarie EquityPlus, has proved a huge hit in Australia, where it has been successfully used for the past two decades. It has also been a strong seller in Canada since its June introduction.

Macquarie EquityPlus is ideal for certain investors, says Chris Cottier, Macquarie Private Wealth senior investment advisor.

"There are a few requirements. You must be patriotic because you can only buy top Canadian large-cap stocks and ETFs. The other thing that helps is to have a high marginal personal tax rate—in this respect it has proven popular with professionals, corporate executives and business owners," he says.

Macquarie EquityPlus has been well received here since its introduction because of the tax efficiencies of this investment program. "Something investors appreciate is the potential tax

deductibility of interest expense on investment financing. It's a key feature of Macquarie EquityPlus." That and the fact that you are protected from losses at the end of the term if the price of your selected equities has fallen.

Besides being tax efficient, the appeal of EquityPlus is that investors can customize their investment by choosing from among TSX 60 stocks and leading ETFs, while also choosing between fixed or floating interest rates and financing terms from one to five years.

While the interest rate associated with the financing program is different from other credit facilities, Macquarie EquityPlus investors have the potential to benefit from tax-deductible interest payments and protection from losses. "This is a unique program because built into the interest rate is the guarantee that you will have no losses," says Mr. Cottier.

That interest rate comes with some "fabulous features," says Mr. Cottier. "The first is potential tax deductibility, and the second is protection from losses. And because investors immediately get all the benefits of stock ownership, they receive

regular dividend payments as well. The actual cost of financing turns out to be a lot lower than the posted rate."

Macquarie EquityPlus is fully customizable, enabling investors and their financial advisors to tailor an investment program suitable for their particular circumstances. For example, says Mr. Cottier, Macquarie EquityPlus could provide a potential return for investors seeking to make a single investment on a "fallen angel" stock. "You may want to put \$100,000 in and hope to make a 10% return annually," says Mr. Cottier. "On the other hand, some investor may want to invest in something that has a chance of doubling at least once or twice in five years."

Since the program launched, Mr. Cottier has advised some clients to select "good companies at a bad time in the stock market. Imagine if you had bought Potash six months ago. Imagine if Manulife Financial goes back to its previous high: the stock triples."

For more information, visit www.macquarieprivatewealth.ca/cottier.